

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE APPLICATION OF THE)
FUEL ADJUSTMENT CLAUSE OF LOUISVILLE) CASE NO. 2002-00434
GAS AND ELECTRIC COMPANY FROM)
NOVEMBER 1, 2000 TO OCTOBER 31, 2002)

O R D E R

Pursuant to Administrative Regulation 807 KAR 5:056, the Commission on December 13, 2002 established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of Louisville Gas and Electric Company ("LG&E") for the 2 years ended October 31, 2002, and to determine the amount of fuel cost that should be transferred (rolled-in) to its base rates to reestablish its FAC charge.

In establishing this review, the Commission ordered LG&E to submit certain information concerning its fuel procurement, fuel usage, and the operation of its FAC. LG&E submitted this information on January 21, 2003 and filed supplemental information in response to a Commission staff data request on February 10, 2003. The Attorney General of the Commonwealth of Kentucky and Kentucky Industrial Utility Customers, Inc. were permitted to intervene in this proceeding. A public hearing was held on February 18, 2003.

LG&E proposed that the month of July 2002 be used by the Commission as the base period (test month) for the purpose of arriving at the base fuel cost [F(b)] and the KWH sales [S(b)] components of its FAC. It further proposed that its base fuel cost be

changed to 12.81 mills per KWH, the fuel cost for the proposed base period. LG&E's current base fuel cost is 11.19 mills per KWH.

In establishing the appropriate level of base fuel cost to be included in LG&E's rates, the Commission must determine whether the proposed base period cost per KWH is representative of the level of fuel cost currently being experienced by LG&E. The Commission's review of generation mix, generation unit outages, and generation unit availability discloses that the month of July 2002 is a reasonably representative generation month of LG&E. The analysis of LG&E's monthly fuel clause filings showed that the actual fuel cost incurred for the 2-year review period ranged from a low of 8.83 mills per KWH in November 2000 to a high of 12.81 mills per KWH in July 2002, with an average cost for the period of 10.96 mills per KWH. Based upon this review, the Commission finds that LG&E has complied with Commission Regulation 807 KAR 5:056 and that the proposed base period fuel cost of 12.81 mills per KWH should be approved.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. LG&E has complied with the provisions of 807 KAR 5:056.
2. The test month of July 2002 should be used as LG&E's base period for this review.
3. LG&E's proposed base period fuel cost of 12.81 mills per KWH should be approved.
4. The establishment of a base fuel cost of 12.81 mills per KWH requires a transfer (roll-in) of 1.62 mills per KWH from the FAC rate to LG&E's base rates and can best be accomplished by a uniform increase in all energy rates.

5. The rates in Appendix A, attached hereto and incorporated herein, are designed to reflect the transfer (roll-in) to base rates of the differential between the old base fuel cost of 11.19 mills and the new base fuel cost of 12.81 mills per KWH.

6. The rates in Appendix A are fair, just and reasonable and should be approved for service rendered on and after May 1, 2003.

7. For service provided on or after May 1, 2003, LG&E should use an FAC rate based on a base fuel cost of 12.81 mills per KWH.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by LG&E through the FAC for the period November 1, 2000 to October 31, 2002 are approved.

2. LG&E's proposed base fuel cost of 12.81 mills per KWH is approved.

3. The rates in Appendix A are approved for service rendered on and after May 1, 2003.

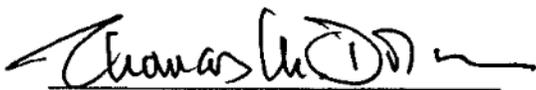
4. For service provided on or after May 1, 2003, LG&E shall use an FAC rate based on a base fuel cost of 12.81 mills per KWH.

5. Within 20 days of the date of this Order, LG&E shall file with the Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 23rd day of April, 2003.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2002-00434 DATED April 23, 2003

The following rates and charges are prescribed for the customers in the area served by Louisville Gas and Electric Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

SCHEDULE R
RESIDENTIAL RATE

Energy Charge per kWh:

Winter Rate

First 600 kWh \$.05526

Additional kWh \$.04261

Summer Rate

First 600 kWh \$.05993

Additional kWh \$.06159

SCHEDULE RPP
PREPAID METERING PILOT PROGRAM

Energy Charge per kWh \$.05537

SCHEDULE WH
WATER HEATING RATE

Energy Charge per kWh \$.04029

SCHEDULE GS
GENERAL SERVICE RATE

Energy Charge per kWh:

Winter Rate per kWh \$.05938

Summer Rate per kWh \$.06691

SCHEDULE GS
SPECIAL RATE FOR ELECTRIC SPACE HEATING SERVICE

Energy Charge per kWh \$.04263

SCHEDULE VDF
VOLUNTEER FIRE DEPARTMENT SERVICE

Energy Charge per kWh:

Winter Rate

First 600 kWh \$.05526

In Excess of 600 h \$.04261

Summer Rate

First 600 kWh \$.05993

In Excess of 600 kWh \$.06159

SCHEDULE LC
LARGE COMMERCIAL RATE

Energy Charge per kWh \$.02886

SCHEDULE LC-TOD
LARGE COMMERCIAL TIME-OF-DAY RATE

Energy Charge per kWh \$.02890

SCHEDULE LP
INDUSTRIAL POWER RATE

Energy Charge per kWh \$.02480

SCHEDULE LP-TOD
INDUSTRIAL POWER TIME-OF-DAY RATE

Energy Charge per kWh \$.02480

SCHEDULE SLE
STREET LIGHTING ENERGY RATE

Energy Charge per kWh \$.03694

SCHEDULE TLE
TRAFFIC LIGHTING ENERGY RATE

Energy Charge per kWh \$.04657

SCHEDULE PSL
PUBLIC STREET LIGHTING SERVICE

	<u>Rate per Month per Unit</u>	
	<u>Installed prior</u> <u>To 1/1/1991</u>	<u>Installed After</u> <u>12/31/1991</u>
<u>Overhead Service</u>		
<u>Mercury Vapor</u>		
100 Watt	\$ 5.92	\$ 0
175 Watt	\$ 6.90	\$ 8.58
250 Watt	\$ 7.82	\$ 9.60
400 Watt	\$ 9.31	\$ 11.49
400 Watt (Underground Pole)	\$ 13.54	\$ 0
1,000 Watt	\$ 17.18	\$ 20.69
<u>High Pressure Sodium</u>		
100 Watt	\$ 7.08	\$ 7.08
150 Watt	\$ 8.46	\$ 8.46
250 Watt	\$ 10.10	\$ 10.10
400 Watt	\$ 10.44	\$ 10.44
1,000 Watt	\$ 0	\$ 23.74
<u>Underground Service</u>		
<u>Mercury Vapor</u>		
100 Watt-Top Mounted	\$ 9.70	\$ 11.98
175 Watt-Top Mounted	\$ 10.58	\$ 12.97
175 Watt	\$ 14.39	\$ 20.49
250 Watt	\$ 15.35	\$ 21.51
400 Watt	\$ 18.01	\$ 23.40
400 Watt on State of Ky. Pole	\$ 10.56	\$ 0
<u>High Pressure Sodium Vapor</u>		
70 Watt-Top Mounted	\$ 10.28	\$ 10.28
100 Watt-Top Mounted	\$ 10.66	\$ 10.66
150 Watt-Top Mounted	0	\$ 15.76
150 Watt	\$ 18.47	\$ 18.47
250 Watt	\$ 19.54	\$ 19.54
250 Watt on State of Ky. Pole	\$ 9.92	\$ 0
400 Watt	\$ 20.86	\$ 20.86
1,000 Watt	\$ 0	\$ 48.55
<u>Incandescent</u>		
1,500 Lumen	\$ 7.91	\$ 0
6,000 Lumen	\$ 10.34	\$ 0
 <u>Decorative Lighting Service</u>		
		<u>Rate per month</u>
<u>Fixtures</u>		
<u>Acorn with Decorative Basket</u>		
70 Watt High Pressure Sodium		\$ 14.19
100 Watt High Pressure Sodium		\$ 14.76

8-Sided Coach

70 Watt High Pressure Sodium
100 Watt High Pressure Sodium

\$ 14.38
\$ 14.93